



**COUNTY OF SAN LUIS OBISPO  
DEPARTMENT OF PLANNING AND BUILDING  
STAFF REPORT**

**Tentative Notice of Action**

*Promoting the wise use of land*

*Helping build great communities*

MEETING DATE November 7, 2014 EFFECTIVE DATE November 21, 2014	CONTACT/PHONE Rob Fitzroy / 805-781-5600	APPLICANT Phillips 66 Pipeline, LLC	FILE NO. DRC2012-00101
<b>SUBJECT</b> Hearing to consider a request by <b>Phillips 66 Pipeline LLC</b> for a <b>Minor Use Permit</b> to construct; operate; and, maintain a 3.9 mile segment of a proposed 5.6 mile oil pipeline and appurtenant facilities within unincorporated County of San Luis Obispo. The remaining 1.7 miles of the proposed oil pipeline and appurtenant facilities would be located within the cities of Pismo Beach (0.8 miles), Grover Beach (0.5 miles) and Arroyo Grande (0.4 miles) and would require approval by the respective city. The hearing will also consider adoption of the Mitigated Negative Declaration prepared for the project, which analyzed the entire project including all aspects of the project within unincorporated County of San Luis Obispo and the cities of Pismo Beach, Arroyo Grande and Grover Beach. The proposed pipeline alignment would be located within/under existing roadway right-of-way (primarily Ormonde Road and Oak Park Road). The project would transport crude oil from the existing Freeport McMoran Oil Field (Price Canyon/Arroyo Grande Oil Field) located at 1821 Price Canyon Road to its existing 12-inch pipeline located at the intersection of Oak Park Drive and Grande Avenue in the City of Arroyo Grande. The existing 12-inch pipeline located at the intersection of Oak Park Drive and Grande Avenue in the City of Arroyo Grande connects to the existing Santa Maria oil refinery at 2555 Willow Road on the Nipomo Mesa. The project also includes installation of above ground facilities at the existing Summit Station facility located at 1364 Dale Avenue, south of Arroyo Grande. In addition, the project would replace an existing segment of the existing P66 pipeline within Arroyo Grande Creek. The project is within the San Luis Bay inland and South County Inland sub areas of the South County planning area.			
<b>RECOMMENDED ACTION</b> 1. Adopt the Mitigated Negative Declaration in accordance with the applicable provisions of the California Environmental Quality Act, Public Resources Code Section 21000 et seq. 2. Approve Minor Use Permit DRC2012-00101 based on the findings listed in Exhibit A and the conditions listed in Exhibit B			
<b>ENVIRONMENTAL DETERMINATION</b> The Environmental Coordinator, after completion of the initial study, finds that there is no substantial evidence that the project may have a significant effect on the environment, and the preparation of an Environmental Impact Report is not necessary. Therefore, a Mitigated Negative Declaration (pursuant to Public Resources Code Section 21000 et seq., and CA Code of Regulations Section 15000 et seq.) has been issued on September 25, 2014 for this project. Mitigation measures are proposed to address Aesthetics, Air Quality, Biological Resources, Cultural Resources, Geology and Soils, and Hazards/Hazardous Materials, and are included as conditions of approval.			
LAND USE CATEGORY Agriculture, Residential Rural, Roadway Right-of-Way	COMBINING DESIGNATION Energy Extractive Area, Flood Hazard Area	ASSESSOR PARCEL NUMBER 044-201-002, 091-053- 033, Roadway Right-of- Way	SUPERVISOR DISTRICT(S) 3 & 4
PLANNING AREA STANDARDS: <i>None applicable.</i>			

<b>LAND USE ORDINANCE STANDARDS:</b> 22.14.040 – Energy and Extractive Resource Area 22.14.060 – Flood Hazard Area 22.30.360 – Pipelines and Transmission Lines 22.52 – Grading and Drainage <i>Does the project conform to the Land Use Ordinance Standards: Yes - see discussion</i>	
<b>FINAL ACTION</b> This tentative decision will become final action on the project, effective on the 15 <sup>th</sup> day following the administrative hearing, or on November 21, 2014, if no hearing was requested unless this decision is changed as a result of information obtained at the hearing or is appealed.	
ADDITIONAL INFORMATION MAY BE OBTAINED BY CONTACTING THE DEPARTMENT OF PLANNING & BUILDING AT: COUNTY GOVERNMENT CENTER γ SAN LUIS OBISPO γ CALIFORNIA 93408 γ (805) 781-5600 γ FAX: (805) 781-1242	
<b>EXISTING USES:</b> Oil extraction and associated facilities and activities on APNs 044-201-002, 091-053-033; and active roadway (Ormonde Road, Old Oak Park Road, and Oak Park Road)	
<b>SURROUNDING LAND USE CATEGORIES AND USES:</b> Land uses adjacent to the pipeline along the 3.9 mile route include: Agriculture, Rural Lands, Rural Residential, and Residential Suburban within unincorporated County.	
<b>OTHER AGENCY / ADVISORY GROUP INVOLVEMENT:</b> The project was referred to: Public Works, Environmental Health, Ag Commissioner (Agriculture Department?), Air Pollution Control District, CalFire, Caltrans, Regional Water Quality Control Board, Native American Heritage Commission, City of Pismo Beach, City of Grover Beach, City of Arroyo Grande	
<b>TOPOGRAPHY:</b> Gently rolling	<b>VEGETATION:</b> Grasses, scattered oak trees
<b>PROPOSED SERVICES:</b> Water supply: N/A Sewage Disposal: N/A Fire Protection: CalFire	<b>ACCEPTANCE DATE:</b> November 4, 2013

## DISCUSSION

### PROJECT BACKGROUND:

The proposed 5.6 mile pipeline is a multi-jurisdictional project. The project would traverse through unincorporated San Luis Obispo County and the cities of Grover Beach, Pismo Beach and Arroyo Grande. The County of San Luis Obispo is the Lead Agency because the vast majority of the pipeline is within County jurisdiction. The cities of Grover Beach, Pismo Beach and Arroyo Grande (three cities) are Responsible Agencies (see Table 1). The three cities are responsible for approval of the pipeline segments within their respective jurisdiction. Action taken by the County of San Luis Obispo is for approval of the 3.9 mile segment of pipeline within the County, associated appurtenant facilities, improvements at Summit Station pump station and replacement of a 32 foot segment of pipe within Arroyo Grande creek.

**Table 1 - Proposed Pipeline Length by Jurisdiction**

Proposed Pipeline Segment	Length (Miles)
San Luis Obispo County – Unincorporated	3.9
City of Arroyo Grande	0.4

City of Grover Beach	0.5
City of Pismo Beach	0.8
<b>TOTAL</b>	<b>5.6</b>

The proposed project is associated with existing and ongoing oil extraction activities at the Freeport McMoran Oil Field located at 1821 Price Canyon Road. The proposed project is also associated with existing and ongoing activities at the Phillips 66 Santa Maria oil refinery at 2555 Willow Road. The proposed project would not increase the oil extraction limitations currently in place at the Freeport McMoran Oil Field or the throughput production capacity at the Santa Maria oil refinery. The proposed project would augment the way in which oil is transported from the Freeport McMoran Oil Field to the Santa Maria refinery. No increase in oil pumping or refining capacity would occur as a result of this project. Currently, oil is transported via tanker truck. If approved, oil would be transported to the Santa Maria refinery via pipeline and existing tanker truck trips would be eliminated. It is estimated that 18 tanker truck trips per day would be removed from local roads.

#### DETAILED PROJECT DESCRIPTION:

The pipeline would traverse approximately 3.9 miles through the County (see graphics in Exhibit C). The pipeline would begin by traversing the existing Freeport McMoran Oil field, located at 1821 Price Canyon Road, above grade within existing pipe corridors. The pipeline would cross Pismo Creek via an existing pipe bridge that supports existing oil pipelines. It would then follow existing pipe corridors to the boundary of the Freeport McMoran oil field. Once the pipeline exits the Freeport McMoran oil field and enters Ormonde Road right-of-way, the pipeline would be installed under existing roadway. The pipeline would be installed under and follow the right-of-way of Ormonde Road to Old Oak Park Road to Oak Park Road to the terminus of unincorporated San Luis Obispo County boundary. Beyond the County boundary the pipeline would continue through the cities of Grover Beach, Pismo Beach and Arroyo Grande to an existing 12-inch pipeline located at the intersection of Oak Park Drive and Grande Avenue in the City of Arroyo Grande. The proposed pipeline would connect to the existing pipeline at this location. Oil would then be transported via the existing pipeline to the existing Phillips 66 Santa Maria oil refinery at 2555 Willow Road.

The proposed project also includes two above ground facilities along with a valve installation to be constructed within unincorporated County. A shipping pump, meter, related piping and a “pig launcher” would be constructed at the beginning of the pipeline within the existing Freeport McMoran oil field. A similar meter, related piping and “pig receiver” would be constructed at the existing Summit Station facility located at 1364 Dale Avenue, south of Arroyo Grande. A mid-point block valve located easterly of Highway 101 would be installed for isolation of the line within the City of Pismo Beach. Existing oil tank storage facilities and associated piping within the Freeport McMoran oil field would be upgraded and replaced in kind.

The project would also replace a segment of the existing pipeline due to its aging condition. The existing pipeline would need a 32-foot section of pipe to be replaced under Arroyo Grande Creek approximately 1,350 feet south of the Fair Oaks Avenue Bridge, near the City of Arroyo Grande (not within City limits). Construction activities within Arroyo Grande Creek will require permits from the Army Corp of Engineers, California Department of Fish and Wildlife, and the Regional Water Quality Control Board. The proposed replacement would be completed during the “dry” season, between June 1 and October 31. The area would be cleared of vegetation

and a coffer dam with culvert would be installed during construction to allow for “dry” method of construction. The existing pipeline would be excavated and replaced in-kind.

*Pipeline Design:*

The 10-inch pipeline would be designed and operated as a hot oil line capable of transporting 1,500 to 10,000 barrels of oil per day. The pipeline would operate at a pressure of 700 to 1,480 pounds per square inch gauge (psig).

The entire pipeline would be constructed and designed to withstand seismically-induced ground movement and faulting movement to specifications that exceed the requirements of Federal Regulation 49 CFR 195.110. The pipe would have a wall thickness of 0.365 inches with a pipe grade of API 5L-X52, which exceeds standard requirements. The pipe will be externally coated with 12 to 18 mils of fusion bonded epoxy then coated with 15 to 35 millimeters of abrasion resistant outer coating. The pipe would have a maximum operating pressure of 1,480 pound per square inch with a maximum operating temperature of 180°F. This pipeline would meet or exceed the codes, specifications, and requirements set forth by federal and state agencies governing the operation of petroleum pipelines, including American National Standards Institute B31.4, American Society for Testing and Materials Standards, and Federal Regulation 49 CFR 195. Welding would conform to the latest edition of the API 1104 "Standard for Welding Pipelines and Related Facilities."

*Construction:*

The pipeline would be installed by excavating a trench approximately two (2) feet wide and approximately four (4) to five (5) feet deep utilizing a rubber tired backhoe, excavator and/or or trencher depending on location, existing utilities and terrain. Pipeline construction would generally occur in the following order: survey and staking of the right-of-way; clearing and grading; trenching; pipe stringing, bending, and welding; lowering the pipeline into the trench; backfilling the trench; hydrostatic testing; and cleanup / restoration. The pipeline construction would take place in a continuous manner with one section of trench being excavated and the spoil from the excavation being placed beside the trench or placed into dump trucks to keep the roadway clear. After the section of pipe is installed, the trench section would be backfilled with the original excavated material or with a slurry mix to expedite the backfill operation.

Construction within the roadway would require encroachment permits, traffic control measures, lane closures and potentially temporary road closures. It is estimated that pipeline construction would take approximately four to six months to complete. Fueling and maintenance of construction equipment would only be conducted in designated staging areas. Project staff, including subcontractors and construction personnel, would be trained to watch for and immediately report inadvertent releases and leaks that may occur during construction. Preventative measures would include restricting the location of fuel storage, fueling activities, and maintenance of construction equipment along the construction right-of-way to areas that are at least 500 feet from any blue line creek. During all phases of construction, refueling and lubrication of construction equipment would occur at the staging yards or at least 500 feet from any blue line creek along the construction right-of-way. Equipment would be regularly checked for leakage. Proper training for pipeline personnel, and the establishment of lines of communication and reporting would facilitate prevention, response, containment, and cleanup of spills during construction activities.

LAND USE ORDINANCE STANDARDS:

22.14.040 – Energy and Extractive Resource Area. The Energy and Extractive Resource Area (EX) combining designation is used to identify areas of the county where:

1. Mineral or petroleum extraction occurs or is proposed to occur;
2. The state geologist has designated a mineral resource area of statewide or regional significance pursuant to Sections 2710 et seq. of the Public Resources Code (The Surface Mining and Reclamation Act);
3. Major public utility electric generation facilities exist or are proposed.

The purpose of this combining designation is to protect significant resource extraction and energy production areas identified by the Land Use Element from encroachment by incompatible land uses that could hinder resource extraction or energy production operations, or land uses that would be adversely affected by extraction or energy production.

*STAFF COMMENTS: The proposed project is consistent with this section of the land use ordinance. The existing Freeport McMoran Oil Field is located within the EX Combining Designation. Operation of this facility is governed by previously issued land use entitlements. The proposed project, in part, would represent a continuation of allowed uses at the Freeport McMoran Oil Field. The proposed project would include the installation of pipeline within existing pipeline support facilities and in-kind replacement of existing oil tank storage facilities and associated piping.*

22.14.060 – Flood Hazard Area. The Flood Hazard (FH) combining designation is applied to areas where terrain characteristics would present new developments and their users with potential hazards to life and property from potential inundation by a 100-year frequency flood or within coastal high hazard areas. These standards are also intended to minimize the effects of development on drainage ways and watercourses.

*STAFF COMMENTS: The proposed project is potentially inconsistent with this section of the land use ordinance. The pipeline segments that would cross Pismo Creek and Arroyo Grande Creek would be located within designated 100-year flood areas; however, the pipeline segment that would cross Pismo Creek would be constructed to span over the waterway, and would be designed to withstand water inundation if water levels reached the pipe bridge. In addition, the pipeline segment that would cross Arroyo Grande Creek would be located underground and would not be impacted by flooding. Lastly, due to the nature of the project in general, it would not expose people or habitable structures to such flooding hazards.*

22.30.360 – Pipelines and Transmission Lines. This Section provides standards for pipeline and power and communications transmission lines and related facilities, where designated as allowable by Section 22.06.030. This Section applies to emergency repairs, replacement, renewal, and upgrading of existing facilities, as well as to new facilities.

*STAFF COMMENTS: The proposed project is consistent with this section of the land use ordinance. The project is an allowable use. The project would disturb more than 40,000 square feet, and as such, is required to obtain a Minor Use Permit, as requested and discussed herein. The applicant has prepared a route-specific cultural resource study in coordination with tribal*

*members (reference). Mitigation measures have been identified and are included in Exhibit B - Conditions of Approval. The applicant will be required to prepare an Oil Spill Contingency and Emergency Response Plan as required by existing regulations and conditioned herein. The applicant will be required to provide 30-day notice to property owners prior to commencement of construction activities, as conditioned herein.*

Section 22.52 – Grading and Drainage. The purpose of this section is to establish standards to safeguard the public health, safety and general welfare; minimize erosion and sedimentation; minimize fugitive dust emissions; prevent the loss of agricultural soils; reduce the harmful effects of storm water runoff; encourage groundwater recharge; protect fish and wildlife; reduce hazards to life and property; reduce drainage problems from new development; enhance slope stability; protect natural, scenic, and cultural resources; prevent environmental damage to public and private property; and to otherwise protect the natural environment.

*STAFF COMMENTS: The proposed project is consistent with this section of the land use ordinance. The applicant will be required to submit a grading plan that complies with the standards as defined in Section 22.52 et. seq. prepared and certified by a registered civil engineer. In addition, the applicant will be required to submit a drainage plan pursuant to the requirements of Section 22.52.110 et. seq. Compliance with these existing ordinance requirements would ensure that no impacts related to grading or uncontrolled storm water runoff would occur.*

COMMUNITY ADVISORY GROUP COMMENTS: No applicable community advisory group.

AGENCY REVIEW:

Public Works – See Exhibit F. Encroachment permits will be required. As applicable, reconstruction would need to comply with current County Public Improvement Standards.

Environmental Health – No comments.

Ag Commissioner – No comments.

Air Pollution Control District – See Exhibit F. Comments have been addressed and the project has been conditioned as applicable.

CalFire – See Exhibit F. Comments have been addressed and the project has been conditioned as applicable.

Caltrans – No comments.

Regional Water Quality Control Board – No comments.

Native American Heritage Commission – No comments.

City of Pismo Beach – No comments.

City of Grover Beach – No comments.

City of Arroyo Grande – No comments.

County Sheriff - See Exhibit F. Comments have been addressed and the project has been conditioned as applicable.

LEGAL LOT STATUS:

The lots were legally created by a recorded map at a time when that was a legal method of creating lots.

Staff report prepared by Rob Fitzroy and reviewed by Steve McMasters

ATTACHMENTS:

- Exhibit A – Findings
- Exhibit B – Conditions of Approval
- Exhibit C – Site Plans/Pipeline Alignment
- Exhibit D – Mitigated Negative Declaration
- Exhibit F – Referrals